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SUBJECT: REPORT ON MENA OECD MEETING

11. (U) Summary: The Jordan Investment Board hosted a meeting January 23 and 24 to plan for the upcoming Ministerial on the MENA OECD Investment Program scheduled for February 13 and 14 at the Dead Sea. The UK, Japan and U.S. (as primary OECD donors) joined OECD and Jordan for the meeting. The Ministerial will endorse the results of the first year of the program designed to support policy reform to improve the climate for investment and private sector development in countries in the region. Among other things, the Ministerial will adopt a declaration welcoming the progress to date, endorsing common principles and good practices, welcoming national action plans, and endorsing the next year's program focused on concrete progress on national reform agendas.

12. (U) The meeting reviewed logistics and preparation of the declaration, business participation, media involvement and the status of financial support for the program in 06. Ministers and/or heads of investment agencies including Bahrain, Egypt, Jordan, Algeria, Lebanon, Morocco, Tunisia, Saudi Arabia, UAE, Palestinian Authority, Syria, and Oman confirmed their participation. Jordanian Minister for Commerce and Industry, Sharif Al Zu'bi told U.S. and OECD officials that he will continue his efforts to encourage participation by others in the region (e.g., Kuwait, Qatar and Oman), and would raise the issue in meetings in the U.S. during the King's visit mentioning specifically the possibility of raising it in his meeting with Secretary Gutierrez. Among OECD members, minister or senior level participation has been confirmed by U.S. (OPIC President Mosbacher), Japan, UK, Turkey, Switzerland, and Sweden. Participation has also been confirmed by the European Commission, World Bank (VP Portman), IMF, PEMENA, Islamic Development Bank, and European Investment Bank. Washington is encouraged to request posts in the region assistance to support Jordanian efforts to encourage participation by other MENA countries. End Summary.

13. (U) Agenda:

Details on the MENA OECD investment program and the Ministerial are available on the OECD web site (www.oecd.org/mena/investment). The Ministerial will begin with a business forum on the morning of February 13 including the presentation of a business statement and panel discussion on enterprise financing in the MENA region. Following lunch will be opening statements by Minister Zu'bi of Jordan and UK Minister of Trade and Investment, Ian Pearson, as co-chairs of the investment program. This will be followed by four panels on Investment Promotion, tax framework for investment, diversification - role of financial markets in supporting entrepreneurship. Dinner that night will provide the setting for investor of the year awards to one or two firms from individual MENA countries based on the criteria of job creation and entrepreneurship.

14. (U) King Abdullah is scheduled to address the opening session on February 14 along with OECD Secretary General Donald Johnston. This will be followed by statements by business representatives, followed by a press break, followed in turn by presentation by individual MENA ministers of their National reform agendas, and the adoption of the Ministerial declaration. This will be followed by closing statements and a press conference and a lunch. Attendance by King Abdullah will depend in large part on the level of participation by others invited to the Ministerial and will not likely be finally determined until shortly before the Ministerial. Present responses are encouraging, but Jordan is looking for U.S., Japan and UK assistance in encouraging high level participation. Jordan and OECD will provide Department with further details on where assistance would be desirable and may approach U.S. posts in MENA countries through their own Embassies.

Ministerial Declaration and other documents

15. (U) The Ministerial Declaration was reviewed at the Amman meeting and a revised version will be circulated again to

participating governments shortly based on comments to date. The draft declaration had been reviewed at earlier working group and steering group meetings in June and September and remained open for further comment. It is hoped this will be the final version before the Ministerial. However, anticipating the possibility of last minute questions, arrangements will be made for the possibility that work will be needed on February 13 to finalize the declaration by representatives of the ministers during the ongoing Ministerial. The portion of the session of the Ministerial at which the declaration will be adopted tentatively will be closed to the press against the eventuality that an issue arises that must be settled by ministers. However, absent such a development, the adoption of the declaration will be opened to the press. In addition, the declaration will not be titled as a "Ministerial declaration" rather it will be titled as a declaration adopted by the ministerial conference to avoid issues arising from the fact that some countries will not be represented by Ministers.

16. (U) There will also be a concluding statement by the chair of the Ministerial that will summarize results. A draft was reviewed at the Amman meeting and it was agreed that the draft conclusions would not be shared in advance, but would be presented to Ministers at the Ministerial by the chair. A revised draft will be shared shortly by Jordan and OECD with the U.S., UK, and Japan. Other documents available to the Ministers will include the recommendations of the working groups, stocktaking reports prepared by those groups, a progress report on the program, a proposed program for 2006, and the business statement. None of these will be approved independently by the ministers, but will be addressed instead in the declaration.

Press

17. (U) OECD has contracted with a media company to provide assistance in securing participation by national, regional and global media outlets. Press will be allowed in all sessions except the session for the adoption of the declaration. If the declaration is finalized before then that session will be open to the press as well. The consultant is preparing a press package that will provide basic information on the program and information packaged to facilitate reporting in the run-up to the ministerial as well on its results afterward. Facilities will be available for private interviews or bilateral meetings during the Ministerial. All documents available to ministers will be available to the press. However, the declaration, individual reform agendas, and chairs' conclusion will not be available to them until the end of the Ministerial.

Business Participation

18. (U) The morning of February 13 will be devoted to engagement with the business sector and a related panel discussion on enterprise financing in the MENA region. Shafik Gabr of the Arab Business Council will attend. John Sullivan from CIPE and a number of members of the Business and Industry Advisory Committee (BIAC) will also be in attendance. BIAC has been coordinating preparations of a business statement to the ministerial. Jordan is asking countries to identify business leaders and associations which are interested and should be sent invitations. MENA countries have been asked to nominate one or two business firms for the investor of the year awards based on the criteria of job creation and entrepreneurship that will be presented at a dinner on February 13.

Jordan Reluctant to Give up Chair

19. (U) The only mildly discordant note at the meeting was the desire of the head of the Jordan Investment Board not to give up co-chairmanship of the Program and its Steering Group. Japan gave up its co-chairmanship in favor of UK last February. With changes in the Jordanian government, the present team has only been involved for a relatively short period of time, although Jordan has co-chaired for the last year, so it is easy to understand their desire. But from the perspective of other MENA countries and integrity of a "regional" program, the change is desirable. In addition, Egypt has been a leader in outlining a pursuing its reform agenda. Although rotation is not a formally agreed principle, it is an expectation and Egypt has formally expressed interest. This will need to be worked out before the ministerial where the transition would be announced.

10. (U) On the February 15, Jordan and OECD will host a meeting of development assistance organizations to facilitate their better understanding of the program and how it relates to their own plans and programs for the region. Participation will include institutions attending the Ministerial (e.g., World Bank, IFC, Islamic Development Bank, European Investment Bank) and bilateral assistance agencies. The focus will be how their programs can be better coordinated to support common goals. Some of these institutions are already participating at staff level in meetings of the steering group and the working groups. However, it is hoped that the meeting can result in a more strategic view of the potential for their cooperation. The U.S. rep met with Econ section and USAID officials at the U.S. Embassy in Jordan to discuss the possibility that they can contribute to a better understanding of the opportunities by their colleagues at other posts in the region to augment efforts in Washington.

Financing

11. (U) OECD stressed that without continuing financing by current donors at last year's level, the program will have to shut down following the Ministerial. They have reported that Bahrain has confirmed its pledge of 200,000 euros and has asked for account information to facilitate the transfer of funds. U.S., UK and Japan reported that they hope to continue funding at last year's level although final decisions have not yet been made (\$500,000 U.S. and 230,000 and 435,000 euros for Japan and UK respectively). In addition, Saudi Arabia is still expected to contribute 300,000 euros and Spain, Turkey and Switzerland are also expected to contribute 30-50 thousand euros each. However, the OECD remains concerned without firm commitments in hand.

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